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SUBJECT: CODEL BEAN'S VISIT TO BELGRADE

¶1. Summary: CODEL Bean visited Serbia July 20-22, seeking to learn more about the challenges facing the country's future and the prospects for investment and economic cooperation moving forward. The CODEL's meetings with GOS officials on July 20 focused largely on Kosovo status and the impact of independence on Serbia's stability and U.S.-Serbian relations. Both a visit to a Serbian company distributing U.S. products and a dinner hosted by the American Chamber of Commerce provided good opportunities to meet with prominent Serbian and American business owners and managers who are looking to expand the bilateral commercial relationship. End summary.

Meeting with Prime Minister Kostunica

¶2. The Prime Minister stressed to the delegation that Serbia has made significant progress on democratic institution building and rule of law since October 2000 and the end of the Milosevic era. He stressed that in the past two years, Serbia has held free and fair elections, managed Montenegro's vote for independence without instability, and ratified a new national constitution. On Kosovo, Kostunica emphasized three elements: that Serbia's policy is legal and based on the protection of Serbia's sovereignty as guaranteed by UNSCR 1244, that Ahtisaari had not delivered on his promise to find a compromise solution and instead produced a "one-sided effort" in favor of Pristina's position, and that further negotiations are necessary and do not require a new UNSC resolution.

¶3. The PM rejected the concept of an independent Kosovo because it would "create a second Albanian state" and that Serbia was prepared to offer more autonomy than is available "anywhere else." Kostunica said autonomy was also preferable because it was a "flexible" strategy that could be evaluated in "20 years or so" while independence is final.

¶4. Kosovo Minister Samardzic added that Serbia and Kosovo are both in a "period of stabilization" following the Milosevic era and that a change in borders now would disrupt that process. He added that the break-up of Yugoslavia was complete with six successor states already defined, and that the priority now should be on economic development for the region, including private investments. Samardzic said that Kosovo is "not a viable state" and that the last eight years of international supervision has "been a disaster" and claimed that his assessment is supported by economic indicators.

Meeting with President Tadic

¶5. President Tadic told the delegation that his priority is to push for "full reconciliation" with Serbia's neighbors, cooperate fully with ICTY as a "moral obligation," and integrate with the EU and NATO as a "strategic imperative." Tadic told the delegation that Kosovo's independence would prevent his ability to continue reforming Serbia because he will lose the support of the Serbian people. Comparing Kosovo to Jerusalem, Tadic said that Serbia will "lose its identity if it loses Kosovo," and also that he could not "defeat his rivals." Tadic said the impact of Kosovo's independence

on U.S.-Serbian relations would be similar to the deterioration in relations after the 1999 NATO bombing campaign. "I am the most pro-U.S. leader in Serbia," Tadic averred, "but explaining Kosovo's loss to Serbs is 'mission impossible.'"

Meeting with Foreign Minister Jeremic

¶6. Foreign Minister Jeremic also focused on Kosovo and, similar to the President, said that Serbia's "European future" would be threatened if Kosovo gained independence. Calling the U.S. a friend and ally, Jeremic stressed that Kosovo was the "only disagreement" between Serbia and the U.S. Jeremic said that Serbia is playing a constructive role in promoting regional stability and that Serbia "must avoid becoming a hole in Europe" by failing to integrate. Stressing regional stability and integration as "shared goals" between the U.S. and Serbia, Jeremic said that the impact of Kosovo's independence would be detrimental to these.

¶7. Jeremic also argued that the international community was "rushing" Kosovo resolution, suggesting that the Israeli-Palestinian model of waiting for many years would be more appropriate. According to the Foreign Minister, "no serious attempt at compromise" over Kosovo has yet been made. Like Kostunica, Jeremic accused Ahtisaari of "bias towards independence" and that there would be "conflict" if that independence occurred without a new UNSC resolution.

Meetings with commercial representatives

¶8. The delegation visited the headquarters of ITM, a Serbian distributor of many U.S. products throughout Serbia and the region. Director Toplica Spasojevic highlighted the need for Serbia to move beyond political obstacles such as ICTY cooperation and Kosovo status so that the economy, and country, could fully recover from

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the 90s. Belgrade's American Chamber of Commerce hosted a dinner on July 21 which brought together the CODEL members with representatives of major U.S. investors in Serbia.

¶9. This message has been cleared by Representative Bean's office.

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